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DE RUEHBK #2943/01 2701035  
ZNR UUUUU ZZH  
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FM AMEMBASSY BANGKOK  
TO RUEHC/SECSTATE WASHDC PRIORITY 4501  
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY  
RUEHCHI/AMCONSUL CHIANG MAI PRIORITY 5672  
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY  
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC PRIORITY  
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E.O. 12958: N/A  
TAGS: [ECON](#) [EFIN](#) [PGOV](#) [PINR](#) [TH](#)  
SUBJECT: MIXED REVIEWS FOR NEW PM SOMCHAI'S ECONOMIC TEAM

REF: A. BANGKOK 2927 (ROYAL ENDORSEMENT)  
[1](#)B. BANGKOK 2899 (NEW APPOINTMENTS)  
[1](#)C. BANGKOK 2357 (RESHUFFLED CABINET)  
[1](#)D. BANGKOK 409 (NEW CABINET)

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[1](#)1. (SBU) Summary: Prime Minister Somchai's selections for his Cabinet's economic team have come under attack from the local press and business community. Controversial appointments include the placement of former Interior Minister Chalerm Yubamrung at the Ministry of Public Health, former Police Chief Pracha Promnok at the Ministry of Industry, and others who do not appear to have any particular qualifications for the jobs. Aside from the placement of MIT-trained economist Olarn Chaipravat as Deputy Prime Minister in charge of economic policy, our contacts in the business community believe that Somchai assembled an uninspiring economic team because he was unable to attract any economic heavyweights willing to give up their lucrative private sector affiliations, or put their personal reputations on the line, for a seat in what all observers believe will be a short-lived government. This group will likely be administrators, rather than leaders -- unlikely to push forward any new initiatives. End Summary.

ONE BRIGHT SPOT  
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[1](#)2. (SBU) Deputy Prime Minister Olarn Chaipravat, who will manage the new government's overall economic policies and likely oversee the Ministries of Finance, Industry, Commerce and Energy, has been hailed as Somchai's most positive selection for his economic team. An economist who trained at the Wharton School and MIT and former president of Siam Commercial Bank (SCB), Olarn is respected in the Thai financial world. He was considered several times for cabinet positions in previous governments, but this is Olarn's first foray into the cabinet. Olarn was criticized for his aggressive investments while president of SCB prior to the 1997 financial crisis ) actions that resulted in his resignation. Olarn was one of former Prime Minister Thaksin's primary economic advisors and the director of several state enterprises during his administration. The Bangkok press speculates that Thaksin was behind his appointment.

[1](#)3. (SBU) Finance Minister Suchart Thadathamrongvech happily accepted a promotion from his former position as Deputy Finance Minister during the Samak Administration. However, banking leaders we talked to expressed nervousness at Suchart's appointment, not so much over his lack of

experience but rather over his temperament. Suchart gained some notoriety in the banking community when he called for the resignation of Bank of Thailand (BOT) Governor Tarisa Watanagase after the central bank raised interest rates in July and August. A leader of a Thai commercial bank noted to econoff that Suchart's "very un-Thai" public criticism of the BOT Governor does not bode well for Suchart's ability to attract, or at least calm, international investors. Suchart reportedly is a strong follower of the economic views of newly-appointed Deputy Prime Minister Olarn Chaipravat and Virabonga Ramangkura, a chief economic advisor to former Prime Minister Samak, and shuns the views of others who disagree.

#### SOME RETURNEES, A MIXED BAG OTHERWISE

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14. (SBU) Some familiar faces from the Samak administration survived the jockeying among the various political parties in the ruling coalition (ref A). Chaiya Sasomsap and Santi Prompat will remain at the head of the Ministries of Commerce and Transport, respectively. Others who will continue include Information and Communications Technology Minister Mun Patanotai, Labor Minister Uraiwan Theinthong, and Minister of Science and Technology Wuthipong Cahiseaeng. The rest of the economic team is an odd mix that even Somchai himself characterized to the press as "mismatched" -- Wannarat Charnnukul, a medical doctor who received his Master's in Public Health at the University of Hawaii, was appointed Minister of Energy, for example.

15. (SBU) Industry Minister Pracha Promnok, another puzzling choice, is a former Chief of the Royal Thai Police with no background in trade, commercial or economic affairs. Our

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business contacts at the Thai Chamber of Commerce expressed concern over how Pracha will function as the new Minister of Industry with so little business experience. He was a prominent police officer for many years known for his social development and outreach in poorer regions of the country and entered government in the Thaksin coalition in March 2002 as the Deputy Minister of Public Health.

16. (SBU) Somchai's most controversial pick on the economic front was firebrand ex-cop Chalerm Yubamrung as Public Health Minister. Largely viewed as a divisive politician, Chalerm was former Prime Minister Samak's first Interior Minister before he was displaced in the August Cabinet reshuffle. With no health background or experience, his views on key public health issues, such as compulsory licenses to break pharmaceutical patents, remain unknown.

17. (SBU) Our contacts in the business community believe that Somchai assembled an uninspiring economic team because he was unable to attract any economic heavyweights willing to give up their lucrative private sector affiliations, or put their personal reputations on the line, for a seat may be a short-lived government. It is unlikely that this "mismatched" group will push forward any new economic initiatives, but rather will maintain the status quo with similar positions as the previous Samak administration.

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